

**Webster Parish Sales and Use Tax Commission
Minden, Louisiana**

**Annual Financial Report
For the Year Ended December 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

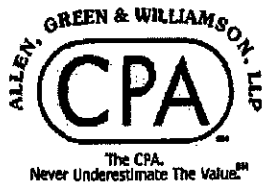
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**Webster Parish Sales and Use Tax Commission
Minden, Louisiana**

**Annual Financial Report
As of and for the Year Ended December 31, 2004**

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Independent Auditors' Report

Board Members

Webster Parish Sales and Use Tax Commission

Minden, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2004, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Webster Parish Sales and Use Tax Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13, the Commission has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis, for States and Local Governments as of December 31, 2004.

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2005, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the *basic financial statements* but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
May 17, 2005

Webster Parish Sales and Use Tax Commission

REQUIRED SUPPLEMENTAL INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

Webster Parish Sales and Use Tax Commission

Our discussion and analysis of the Webster Parish Sales and Use Tax Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended December 31, 2004.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Webster Parish Sales and Use Tax Commission has elected to exclude the information in this report. Subsequent reports will include the comparative information.

FINANCIAL HIGHLIGHTS Our financial statements provide these insights into the results of this year's operations:

The assets of the Webster Parish Sales and Use Tax Commission exceeded its liabilities at the close of the most recent fiscal year by \$39,154 (net assets). Of this amount, \$20,617 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the unrestricted net assets of the Webster Parish Sales and Use Tax Commission were \$20,617, or 8% of total operating expenses for the fiscal year.

The Webster Parish Sales and Use Tax Commission revenue received from charges for services for the year ended December 31, 2004 was \$298,679, this is an increase of \$38,444 from the revenue received from charges for services of \$260,235 in 2003. This was mainly due to increase of sales tax collections.

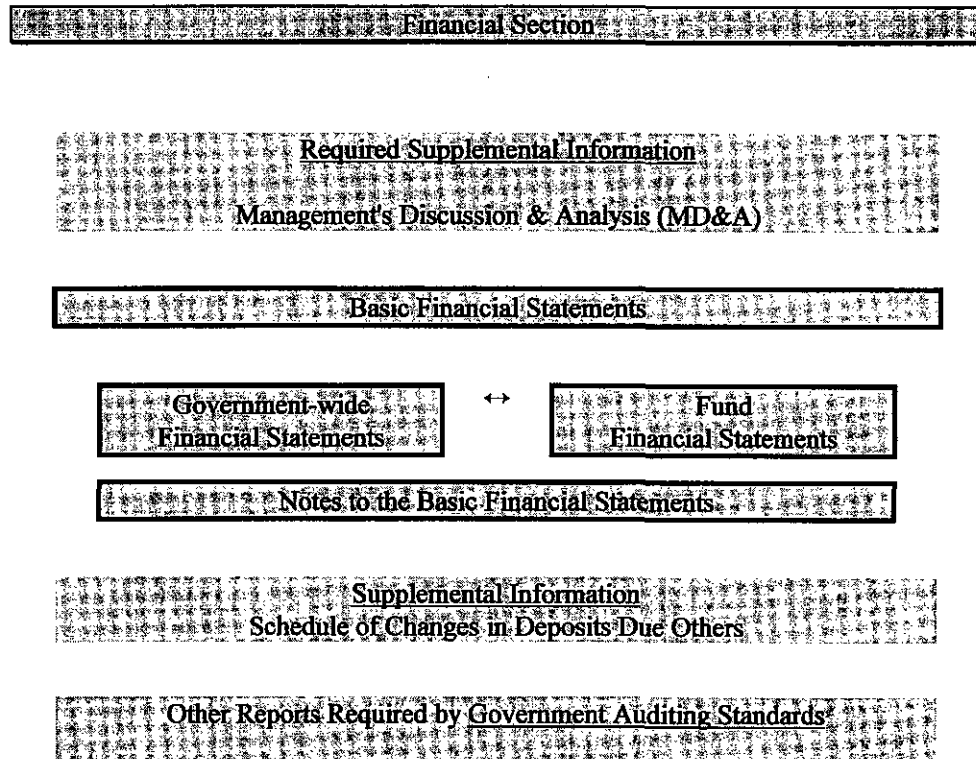
The Webster Parish Sales and Use Tax Commission total expenses for the year ended December 31, 2004 was \$283,406, this is an increase of \$37,897 from the expenses of \$245,509 in 2003. This increase of expenses was mainly due to the increase of salaries and related benefits.

USING THIS ANNUAL REPORT

The Webster Parish Sales and Use Tax Commission's annual report consists of a series of financial statements that show information for the Webster Parish Sales and Use Tax Commission as a whole, and its funds. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Webster Parish Sales and Use Tax Commission as a whole and present a longer-term view of the Webster Parish Sales and Use Tax Commission's finances. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Webster Parish Sales and Use Tax Commission's overall financial health. Fund financial statements also report the Webster Parish Sales and Use Tax Commission's operations in more detail than the governmental-wide financial statements by providing information about the Webster Parish Sales and Use Tax Commission's General Fund.

Webster Parish Sales and Use Tax Commission

The following chart reflects the information included in this annual report.



Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information, the Supplemental Information and Other Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the Webster Parish Sales and Use Tax Commission as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the Webster Parish Sales and Use Tax Commission as a whole begins with the government-wide financial statements. One of the most important questions asked about the Webster Parish Sales and Tax Commission's finances is, "Is the Webster Parish Sales and Use Tax Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the Webster Parish Sales and Use Tax Commission's financial statements, report information about the Webster Parish Sales and Use Tax as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Webster Parish Sales and Use Tax Commission

These two statements report the Webster Parish Sales and Use Tax Commission's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as one way to measure the Webster Parish Sales and Use Tax Commission's financial health, or financial position. Over time, increases or decreases in the Webster Parish Sales and Use Tax Commission's net assets as reported in the Statement of Activities are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Webster Parish Sales and Use Tax Commission's operating results. However, the Webster Parish Sales and Use Tax Commission's goal is to increase sales tax collections and decrease operating expense.

In the Statement of Net Assets and the Statement of Activities, the Webster Parish Sales and Use Tax Commission's activities are shown as:

Governmental Activities - All of the Webster Parish Sales and Use Tax Commission's basic services are reported here, including salaries and contract labor, employee benefits, professional fees, operations and maintenance, repairs and upkeep, and administrative expenses. Sales tax collection fee revenue finances these activities.

Reporting the Webster Parish Sales and Use Tax Commission's Most Significant Funds

Fund Financial Statements

The Webster Parish Sales and Use Tax Commission report all of its activity in one governmental fund which uses the following approach:

Governmental funds Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Webster Parish Sales and Use Tax Commission's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Webster Parish Sales and Use Tax Commission's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliations (Statements D and F).

Webster Parish Sales and Use Tax Commission

THE WEBSTER PARISH SALES AND USE TAX COMMISSION AS A WHOLE

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental activities.

Table 1
Net Assets
December 31, 2004

	<u>2004</u>
Current and other assets	\$55,345
Capital assets, net of depreciation	<u>18,537</u>
Total assets	<u>73,882</u>
Current liabilities	19,309
Long-term liabilities	<u>15,419</u>
Total liabilities	<u>34,728</u>
Net assets	
Invested in capital assets, net of related debt	18,537
Unrestricted	<u>20,617</u>
Total net assets	<u>\$39,154</u>

Net assets of the Webster Parish Sales and Use Tax Commission governmental activities for December 31, 2004 were \$39,154. Unrestricted net assets that are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$20,617.

Webster Parish Sales and Use Tax Commission

Table 2
Changes in Net Assets
For the Years Ended December 31, 2004

	<u>2004</u>
Expenses:	
Operating expenses	
Office expense	\$ 54,641
Personnel services	193,127
Insurance expense	2,470
Legal expense	8,296
Travel expense	3,130
Utilities	4,093
Materials and supplies	1,265
Maintenance and repairs	4,326
NSF checks and bank charges	45
Depreciation	<u>12,013</u>
Total operating expenses	<u>283,406</u>
Revenues:	
Program revenues	
Charges for services	298,679
General revenues	
Interest earned	218
Other revenue	<u>15</u>
Total revenues	<u>298,912</u>
Increases (decrease) in net assets	15,506
Net assets, beginning	<u>23,648</u>
Net assets, ending	<u>\$ 39,154</u>

Governmental Activities

The cost of all governmental activities this year was \$283,406.

THE WEBSTER PARISH SALES AND USE TAX COMMISSION'S FUNDS

As the Webster Parish Sales and Use Tax Commission completed the year, its governmental funds reported a fund balance of \$49,281.

Webster Parish Sales and Use Tax Commission

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded budgeted revenues by \$19,882. This favorable variance was due to sales tax collection fees being more than expected.

Budgeted expenditures exceeded actual expenditures by \$7,519. This favorable variance was due to decreased equipment purchases.

CAPITAL ASSET

Capital Assets

At December 31, 2004, the Webster Parish Sales and Use Tax Commission had invested in the following capital assets:

Capital Assets at Year-end

	2004
Equipment	\$64,165
Furniture and fixtures	13,658
Totals	<u>\$77,823</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS Our elected and appointed officials and citizens consider many factors when setting the Webster Parish Sales and Use Tax Commission's budget and tax rates. One of the most important factors affecting the budget is sales tax collections. 100% of total revenues is collection fees charged to collect tax. We have budgeted more change in revenue and expenditures for the year ending December 31, 2005.

CONTACTING THE SALES AND USE TAX COMMISSION'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Sales and Use Tax Commission's finances and to show the Sales and Use Tax Commission's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Jackie Yarbrough, Administrator, P. O. Box 357, Minden, LA 71058-0357 or at (318) 377-8948.

Webster Parish Sales and Use Tax Commission

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

WEBSTER PARISH SALES AND USE TAX COMMISSION

STATEMENT OF NET ASSETS
December 31, 2004

Statement A

ASSETS

Cash	\$ 52,906
Investments	363
Other assets	2,076
Capital assets, net of accumulated depreciation	
Land, building and equipment	<u>18,537</u>
TOTAL ASSETS	<u>73,882</u>

LIABILITIES

Accounts payable	6,064
Compensated absences payable	
Payable within one year	13,245
Payable after one year	<u>15,419</u>
TOTAL LIABILITIES	<u>34,728</u>

NET ASSETS

Invested in capital assets, net of related debt	18,537
Unrestricted	<u>20,617</u>
TOTAL NET ASSETS	<u>\$ 39,154</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

WEBSTER PARISH SALES AND USE TAX COMMISSION

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004**

Statement B

EXPENSES

Office expense	\$ 54,641
Personnel services	193,127
Insurance expense	2,470
Legal expense	8,296
Travel expense	3,130
Utilities	4,093
Materials and supplies	1,265
Maintenance and repairs	4,326
NSF checks and bank charges	45
Depreciation	<u>12,013</u>

TOTAL PROGRAM EXPENSES	<u>283,406</u>
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PROGRAM REVENUES

Charges for services	<u>298,679</u>
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NET PROGRAM EXPENSE	<u>15,273</u>
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GENERAL REVENUES

Interest earned	218
Other revenue	<u>15</u>

TOTAL GENERAL REVENUES	<u>233</u>
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INCREASE (DECREASE) IN NET ASSETS	15,506
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NET ASSETS - BEGINNING OF YEAR	<u>23,648</u>
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NET ASSETS - END OF YEAR	<u>\$ 39,154</u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Webster Parish Sales and Use Tax Commission

FUND FINANCIAL STATEMENTS

WEBSTER PARISH SALES AND USE TAX COMMISSION

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2004**

Statement C

ASSETS

Cash	\$ 52,906
Investments	363
Other assets	<u>2,076</u>

TOTAL ASSETS	<u>55,345</u>
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LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	<u>6,064</u>
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TOTAL LIABILITIES	<u>6,064</u>
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Fund balances:

Unreserved and undesignated	<u>49,281</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 55,345</u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

WEBSTER PARISH SALES AND USE TAX COMMISSION

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
December 31, 2004**

Statement D

Total fund balances - governmental funds \$ 49,281

The cost of capital assets (land, buildings, furniture and equipment and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the District as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	77,823
Depreciation expense to date	<u>(59,286)</u>

18,537

Long-term liabilities applicable to the Sales and Use Tax Commission's governmental are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.

Balances at December 31, 2004 are:

Compensated absences payable	<u>(28,664)</u>
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Net Assets	<u>\$ 39,154</u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

WEBSTER PARISH SALES AND USE TAX COMMISSION

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 2004**

Statement E

REVENUES

Local sources:

Collection fees	\$ 298,679
Interest earned	218
Other revenue	<u>15</u>

TOTAL REVENUES	<u>298,912</u>
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EXPENDITURES

Current:

Office expense	54,641
Personnel services	191,245
Insurance expense	2,470
Legal expense	8,296
Travel expense	3,130
Utilities	4,093
Materials and supplies	1,265
Maintenance and repairs	4,326
NSF checks and bank charges	45

Capital outlay	<u>2,000</u>
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TOTAL EXPENDITURES	<u>271,511</u>
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Net Change in Fund Balances	27,401
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FUND BALANCE - BEGINNING OF YEAR	<u>21,880</u>
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FUND BALANCE - END OF YEAR	<u>\$ 49,281</u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

WEBSTER PARISH SALES AND USE TAX COMMISSION

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended December 31, 2004**

Statement F

Total net change in fund balances - governmental funds \$ 27,401

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 2,000	
Depreciation	(12,013)	(10,013)

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$15,127) exceeded the amounts used (\$13,245) by \$1,882. (1,882)

Change in net assets of governmental activities. \$ 15,506

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

WEBSTER PARISH SALES AND USE TAX COMMISSION

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended December 31, 2004**

Statement G

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
Resources (inflows)				
Local sources:				
Collection fees	\$ 279,030	\$ 279,030	\$ 298,679	\$ 19,649
Interest earned	0	0	218	218
Other revenue	0	0	15	15
	<u>279,030</u>	<u>279,030</u>	<u>298,912</u>	<u>19,882</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
General government:				
Office expense	59,520	59,520	54,641	4,879
Personnel services	183,710	183,710	191,245	(7,535)
Insurance expense	3,000	3,000	2,470	530
Legal expense	10,000	10,000	8,296	1,704
Travel expense	3,500	3,500	3,130	370
Utilities	5,200	5,200	4,093	1,107
Materials and supplies	3,600	3,600	1,265	2,335
Maintenance and repairs	5,100	5,100	4,326	774
NSF checks and bank charges	2,400	2,400	45	2,355
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>2,000</u>	<u>1,000</u>
Total charges to appropriations	<u>279,030</u>	<u>279,030</u>	<u>271,511</u>	<u>7,519</u>
BUDGETARY FUND BALANCE, BEGINNING	<u>0</u>	<u>0</u>	<u>21,880</u>	<u>21,880</u>
BUDGETARY FUND BALANCE, ENDING	\$ <u>0</u>	\$ <u>0</u>	\$ <u>49,281</u>	\$ <u>49,281</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
December 31, 2004

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Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Webster Parish Sales and Use Tax Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY The Commission was formed under joint agreement of the City of Minden, the City of Springhill, the Town of Cotton Valley, the Town of Cullen, the Town of Sarepta, the Town of Sibley, the Village of Dixie Inn, the Webster Parish School Board, and the Webster Parish Police Jury, in accordance with Louisiana Revised Statutes 33:2844, to provide centralized sales tax collection within Webster Parish. The Commission is comprised of nine members, one appointed by each taxing body. Each Commissioner will have one vote with the exception of those who represent taxing bodies having revenues in excess of one million dollars, which will have two votes. Commissioners serve without compensation.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Commission is considered a *primary government*, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget and set its own rates or charges. The Commission also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the appointed Commission members are financially accountable. There are no other primary governments with which the Commission has a significant relationship.

B. FUNDS The accounts of the Commission are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds of the Commission are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund and account group classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds are used to account for the Commission's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of capital assets, and the servicing of long-term debt. Governmental funds include:

General fund – the primary operating fund of the Commission. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

Fiduciary Funds Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Commission.

Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
December 31, 2004

Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity. The agency fund is as follows:

Sales tax collection agency fund – accounts for monies collected on behalf of other taxing authorities within the parish.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions." Fiduciary funds are not included in the government-wide financial statements.

Program revenues Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Commission's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Commission's general revenues.

Allocation of indirect expenses The Commission reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Fees for the collection of sales and use taxes are recorded when the commission is entitled to the funds which is when the taxes are collected.

Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
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Interest income is recorded monthly as interest is earned.

Other receipts become measurable and available when cash is received by the Commission and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid.

Other Financing Sources (Uses) Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

D. BUDGETS

General Budget Policies The Commission follows these procedures in establishing the budgetary data reflected in the combined financial statements:

State statute requires that a budget be adopted for the general fund.

No later than fifteen days prior to the beginning of each fiscal year, the Administrator submits to the Commission the proposed annual budget for the general fund to be approved. The operating budget includes proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget, there were no amendments for the current year.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Budget Basis of Accounting The general fund budget is prepared on the modified accrual basis of accounting, a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Commission. Legally, the Commission must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Commission to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The Commission approves budgets at the function level and management can transfer amounts between line items within a function.

E. DEPOSITS AND INVESTMENTS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with

Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
December 31, 2004

original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments are limited by LSA-R.S. 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure as per GASB Statement No. 31.

The Commission participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

The investment objective of the LAMP is the preservation of capital and the maintenance of liquidity and, to the extent consistent with such objective, current yield.

The LAMP was established as a cooperative endeavor to enable public entities of the state of Louisiana to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Board of Directors of LAMP provides certain management and administrative services to LAMP and, through a competitive bidding process, selects a custodial bank and an investment advisor. The custodial bank holds the assets of LAMP and the investment decisions are made by the investment advisor. Both the custodial bank and the investment advisor are subject to the review and oversight of LAMP.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

The LAMP may invest in U. S. Government Securities and is designed to comply with restriction on investments by municipalities, parishes, and other types of political subdivisions imposed under Louisiana Revised Statute 33:2955.

The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective. The LAMP's portfolio securities are valued at fair value. The LAMP operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, as amended, which governs money market funds (although the LAMP is not a money market fund and has no obligation to conform to this rule.) In addition, the LAMP will generally comply with other aspects of that rule, including the requirements that all portfolio securities acquired by the LAMP must have, at the time of purchase, a maximum remaining maturity of 397 days and meet certain additional quality standards and that the LAMP maintain a dollar-weighted average portfolio maturity of not more than 90 days. The fair value of the position in the pool is the same as the value of the pool shares. LAMP issues financial reports which can be obtained by writing: LAMP, 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

F. CAPITAL ASSETS Capital assets are recorded at cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives. Donated fixed assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets consist of equipment and furniture and fixtures which are depreciated over 2 to 10 years. Straight line depreciation is used.

Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
December 31, 2004

G. COMPENSATED ABSENCES All 12-month employees earn from 5 to 20 days of noncumulative vacation leave each year to be used by each employee's anniversary date. Upon separation of employment, an employee shall be compensated for all unused vacation leave based on his salary at the date of discharge or resignation.

All 12-month employees earn 12 days of sick leave each year. Sick leave can be accumulated up to a maximum of 60 days.

Upon retirement or death, unused accumulated sick leave is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System and the Municipal Employees Retirement System of Louisiana, all unpaid sick leave is used in the retirement benefit computation as earned service.

The Commission's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as liability as the benefits are earned by the employees if both of the following conditions are met:

- A. The employees' right to receive compensation is attributable to services already rendered.
- B. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Only the current portion of the liability for compensated absences is reported in the fund. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources.

H. USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
December 31, 2004

At year-end, the Commission's carrying amount of deposits was \$52,906 and the bank balance was \$55,956. Of the bank balance, \$55,956 is covered by federal depository insurance or by collateral held by the Commission's agent in the Commission's name (GASB Category 1).

NOTE 3 - INVESTMENTS Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Commission or its agent in the Commission's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Commission's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the Commission's name.

At year end, the Commission investment balance included the following:

	Carrying Amount <u>Fair Value</u>
Investments not subject to categorization:	
External investment pool (LAMP)	<u>\$363</u>

NOTE 4 - CAPITAL ASSETS The changes in capital assets follow:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Equipment	\$63,362	\$ 2,000	\$1,197	\$64,165
Furniture and fixtures	13,658	0	0	13,658
Total	<u>\$77,020</u>	<u>\$ 2,000</u>	<u>\$1,197</u>	<u>\$77,823</u>
Less accumulated depreciation:				
Total	<u>48,470</u>	<u>12,013</u>	<u>1,197</u>	<u>59,286</u>
Capital assets, net	<u>\$28,550</u>	<u>(\$10,013)</u>	<u>\$ 0</u>	<u>\$18,537</u>

NOTE 5 - RETIREMENT SYSTEMS Substantially all Commission employees participate in the Teachers' Retirement System or the Municipal Employees Retirement System of Louisiana, which are a cost-sharing, multiple-employer public employee retirement systems (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature. Pertinent information relative to each plan is as follows:

Teachers' Retirement System

Plan description Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan A. All Commission employees participate in the Teachers' Regular Plan. Generally, all full-time employees are eligible to participate in the system.

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with ten years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally two percent (with less than 25 years of service) or 2.5 percent (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
December 31, 2004

TRS issues an annual financial report. The report can be obtained by telephoning or writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, (225) 925-6446.

Funding Policy Each system is administered and controlled at the state level by a separate board of trustees, with contribution rates approved and amended by the Louisiana Legislature. Benefits of the systems are funded by employee and employer contributions. Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974. The Commission's employer contribution for the TRS, as provided by state law, is funded by the state of Louisiana through annual appropriations and by remittances from the Commission.

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended December 31, 2004, are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System, Regular	<u>8.00%</u>	<u>13.8%</u>

Total covered payroll of the Commission for TRS - Regular Plan for the year ended December 31, 2004, amounted to \$111,442. Employer contributions for the past three years are as follows:

<u>Fiscal Years Ended</u>	<u>Annual Actuarially Required Contribution</u>	<u>Percentage of Annual Required Contribution Paid</u>
December 31, 2004	\$16,239	90.58
December 31, 2003	\$14,390	86.40
December 31, 2002	\$14,674	78.19

Annual actuarially required contributions for the plan above is based on the plan's annual financial report for the year ended June 30, 2004, which is the latest information available.

Municipal Employees Retirement System of Louisiana

Plan Description The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. One employee of the Commission is eligible to participate in Plan A.

With respect to Plan A, employees who retire at or after age 60 with at least ten years of service, at or after age 55 with at least 25 years of service, or at any age with at least 30 years of service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual financial report. The report can be obtained by telephoning or writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, (225) 925-4810.

Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
December 31, 2004

Funding Policy Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The Commission has only one employee under the Municipal Employees Retirement System and she has entered the Deferred Retirement Option Plan (DROP). Under the DROP the employee does not contribute to the plan but the employer continues its contribution. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended December 31, 2004, are as follows:

	<u>Employee</u>	<u>Employer</u>
Municipal Employees Retirement System of Louisiana, Plan A	<u>0.00</u>	<u>15.0%</u>

Total covered payroll of the Commission for MERS - Plan A for the year ended December 31, 2004, amounted to \$32,506. Employer contributions for the past three years follows:

<u>Fiscal Years Ended</u>	<u>Annual Actuarially Required Contribution</u>	<u>Percentage of Annual Required Contribution Paid</u>
December 31, 2004	\$2,191	100
December 31, 2003	\$2,146	100
December 31, 2002	2,102	100

Annual actuarially required contributions for the plan above is based on the plan's annual financial report for the year ended June 30, 2004, which is the latest information available.

NOTE 6 - ACCOUNTS, SALARIES AND OTHER PAYABLES The payables at December 31, 2004, are as follows:

	<u>General</u>
Accounts payable vendors	<u>\$6,064</u>

NOTE 7 - COMPENSATED ABSENCES At December 31, 2004, employees of the Commission have accumulated and vested \$28,664 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 8 - AGENCY FUND DEPOSITS DUE OTHERS A summary of changes in agency fund deposits due others follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
Sales tax collection	<u>\$0</u>	<u>\$19,704,760</u>	<u>\$19,704,760</u>	<u>\$0</u>

Webster Parish Sales and Use Tax Commission
Notes to the Financial Statements
December 31, 2004

NOTE 9 - LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended December 31, 2004:

	<u>Compensated Absences</u>
Balance, beginning of year	\$26,782
Additions	15,127
Deductions	<u>13,245</u>
Balance, end of year	<u>\$28,664</u>
Due within one year	<u>\$13,245</u>

NOTE 10 - RISK MANAGEMENT The Commission is fully insured for workers' compensation after considering the deductible of \$100,000 per accident. The Commission is also at risk for property damage, liability and theft which are covered by insurance policies.

NOTE 11 - LITIGATION AND CLAIMS

Litigation At December 31, 2004, the Commission is not involved in any litigation.

NOTE 12 - OPERATING LEASE The Commission leases an office building for \$1,771 per month. The gross rent will increase two percent annually during the term of the lease which expires January 2004. Rental expense for the year was \$21,252.

The Commission leases a copier for \$379 per month for a term of 48 months. Rental expense for the year was \$4,548.

NOTE 13 - NEW FINANCIAL REPORTING MODEL The Governmental Accounting Standards Board (GASB) issued Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments in June 1999. The Statement, commonly referred to as the new reporting model, retained much of the reporting under the present reporting model, with modifications, and added new information. The most significant addition is the Management's Discussion and Analysis (which follows this independent auditors' report). The most apparent modification to the format of the old reporting model that is being carried forward will be the display of major funds in the Fund Financial Statements, rather than the traditional fund-type display.

Webster Parish Sales and Use Tax Commission

AGENCY FUND

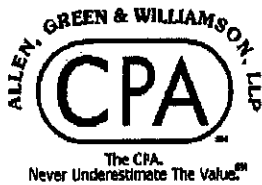
SALES TAX COLLECTION FUND The sales tax collection agency accounts for monies collected on behalf of the other taxing authorities in Webster Parish. Upon receipts of sales tax returns and monies, the Commission issues checks to other taxing authorities periodically throughout each month.

WEBSTER PARISH SALES AND USE TAX COMMISSION

SALES TAX COLLECTION FUND
Schedule of Changes in Deposits Due Others
For the Year Ended December 31, 2004

Exhibit 1

DEPOSIT BALANCE AT BEGINNING OF YEAR	\$ 0
ADDITIONS	
Sales tax collections	<u>19,704,760</u>
DEDUCTIONS	
Transfer to General Fund - Sales Tax Collection Fee	298,679
Payments to:	
Parish School Board	10,182,100
Parish Police Jury	2,346,376
City of Minden	4,266,355
City of Springhill	1,936,287
Town of Cotton Valley	41,460
Town of Cullen	113,368
Town of Sibley	177,413
Town of Sarepta	43,398
Village of Dixie Inn	195,881
Visitor's & Convention Bureau	60,824
Fees for Audit of Sales Tax Vendors	32,740
Refunds	8,696
Revenue receivable	2,788
Other	<u>(1,605)</u>
Total deductions	<u>19,704,760</u>
DEPOSIT BALANCE AT END OF YEAR	\$ 0



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board Members

Webster Parish Sales and Use Tax Commission
Minden, Louisiana

We have audited the financial statements of the governmental activities and the major fund of the Webster Parish Sales and Use Tax Commission, as of and for the year ended December 31, 2004, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated May 17, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

May 17, 2005